



NASD

National Association of Securities Dealers, Inc.
1735 K Street, NW
Washington, DC 20006-1500

News Release

For Release: Wednesday, December 26, 2001
Contact: Michael Shokouhi
202-728-8304

NASD Adopts New Interpretation Regarding Transfer of Customer Accounts

Washington, DC—The National Association of Securities Dealers, Inc. (NASD®) has adopted a new rule interpretation that prohibits any NASD member firm from taking action that interferes with a customer's right to transfer his or her account. The rule interpretation became effective immediately upon its filing with the Securities and Exchange Commission last Friday. NASD members are required to implement the rule interpretation 30 days after the issuance of a *Notice to Members (NTM)* explaining its operation.

"It is a fundamental right of an investor to choose with whom he or she does business, and the fact that a broker changes firms should not affect an investor's ability to continue to access his or her account and to do business with that broker," said Robert R. Glauber, Chairman and CEO of the NASD. "I am extremely pleased that the SEC has made this rule effective upon filing."

Some brokerage firms, after receiving a request from a customer to transfer his or her account, have tried to block the transfer of the account by seeking a court order to prevent the customer from following one of the firm's former employees to a new firm. Actions that delay or impede a customer's right to transfer his or her account interfere with customer choice and are not consistent with the NASD's just and equitable principles of trade rule.

The interpretation does not affect actions against former employees or other firms, or the operation of NASD account transfer rules. Nor does it prevent members from collecting debts or enforcing liens against customers.

Further information is available in *NTM-01-36*, and the previous press release regarding this topic dated May 7, 2001, both available on www.nasdr.com.

The NASD is the largest securities-industry, self-regulatory organization in the United States. It is the parent organization of NASD Regulation, Inc.; the American Stock Exchange, LLC; and NASD Dispute Resolution, Inc. For more information about the NASD and its subsidiaries, please visit the following Web sites: www.nasdr.com; www.nasadr.com; www.amex.com; www.nasdaq.com.

